


Michigan Credit Union League
Serves, Grows and Remains Strong.

Proposed Amendments to the Michigan Credit Union Act

House Financial Services Committee
October 28, 2015




Michigan Credit Union League
Serves, Grows and Remains Strong.

Dennis Hanson, President/CEO
Dow Chemical Employees Credit Union

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Central Macomb Community Credit Union

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Lake Michigan Credit Union

Ken Ross, EVP/COO
Michigan Credit Union League




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Background

What is a credit union? MCL 490.102(l)

"Domestic credit union" means a cooperative, nonprofit entity organized under this act for the purposes of encouraging thrift among its members, providing a variety of financial services to its members, and providing an opportunity for its members to use and control their own money on democratic basis in order to improve their economic and social condition.




Background Helping Credit Unions
Serve, Grow and Remain Strong

 **6,398 nationwide** (Year End 2014)
100 million members
274 Michigan Credit Unions **\$49 billion**
4.725 million members
Median \$58mm **Average \$178mm**

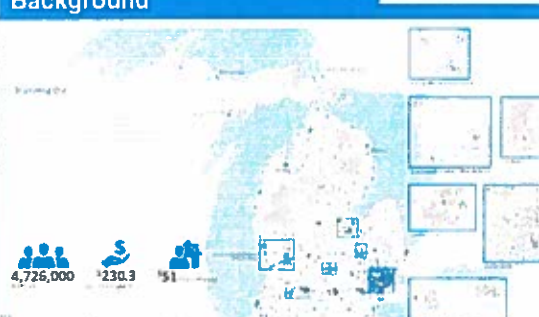
State 174
Federal 100
MCUL = 99%

2014 Michigan Credit Union Financial Benefits


Higher yields on savings	\$44.7 million
Lower fees	\$45.4 million
Lower loan rates	\$198.8 million
Total 2014 Benefits	\$287 million



Background Helping Credit Unions
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4,726,000 **230.3** **\$1**



Background Helping Credit Unions
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33 CREDIT UNIONS
and community development credit unions

333 **24,099** **49** **308** **66,272** **57 CREDIT UNIONS**

\$94 MILLION
Capital Raised since 2014

50,000+
Save to WIN participants

\$2,500
Realize your off to Fund for Win participants who have won



Backdrop Helping Credit Unions
Succeed, Grow and Remain Strong



After the Financial Turmoil...

cfpb

Equal Credit – Reg. B	Truth in Lending – Z
Fair Debt Collection – Reg. F	SAFE Act – Reg. G
Privacy – Reg. P	HMDA – Reg. C
Fair Credit Reporting – Reg. V	And many more...

NCUA DIFS FinCEN OFAC FRB FTC DOJ DOL

2015 – THE major issue is regulatory burden

Backdrop Helping Credit Unions
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Long History Of Leadership

NASCUS Pierre Jay Award Winners from Michigan
For lifetime of outstanding service & leadership.



1997 Mike Fitzgerald	John Kolhoff
2000 Gary Mielock	2011 Chairman, NASCUS
2011 Roger Little	2015 Board member

DIFS Department of
Insurance and
Financial Services




Proposed Amendments Helping Credit Unions
Succeed, Grow and Remain Strong


1. Regulatory Relief
2. Member Services
3. Exam Improvements
4. Empowering Boards of Directors
5. Field of Membership
6. Technical Amendments
7. CU Regulatory Fund

Regulatory Relief Helping Credit Unions
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IT Vendor Contracts Regulatory Reform
Streamlines excessively detailed contract requirements for IT vendors while ensuring that vendors with access to confidential information are subject to examination by the Director.

Conducting Business Electronically Regulatory Reform
In an increasingly digital environment, permits a credit union to conduct business solely through electronic means, if they so choose.




Member Services Helping Credit Unions
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Scholarships
Grants explicit statutory authority to provide educational scholarships.

Financial Counseling
Grants statutory authority to provide financial counseling services to any person in underserved areas.

Trust Services
Permit a credit union to invest in a Michigan-based CUSO offering Trust Services




Exam Improvements Helping Credit Unions
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Privilege
Keeps exam reports, which contain highly sensitive, candid information about individual credit union financial strengths and challenges, confidential. If they can't be kept confidential, DIFS may stop issuing written reports.

Best Practices Regulatory Reform
Keeps "best practices" out of exam reports and prevents punitive action if not required by law or safety & soundness.

Transparency
Director to define examination scope and how appeals will be resolved within 2 years.



Empowering Boards of Directors
Helping Credit Unions
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Authority – Delegation by Board to Management Regulatory Reform
Gives credit union boards the ability to delegate routine matters to senior management.

Credit Union Bylaws Regulatory Reform
Allowing credit union Boards to notify the DIFS Director that they will assume responsibility for maintaining and updating bylaws.

Minimum Number of Board Meetings Regulatory Reform
Six meetings per year.


Allow Associate Board Members
Associate Board Member act in ex-officio capacity – allows for recruitment of new board members, and building of a “farm team” of future credit union volunteers.



Field of Membership
Helping Credit Unions
Serve, Grow and Remain Strong

Estate Accounts
Expand to allow estate accounts if the deceased was eligible for membership in the credit union when they died.


Legal Entity
Permit an entity that has a business presence in an area that a credit union serves, to become a member of the credit union, even if the principals are not located in the area.



Technical Amendments
Helping Credit Unions
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Assumed Names Regulatory Reform
Permits the use of “credit union” in assumed names.

Definition of Senior Management Employee
Defines as senior “Policy-Making” employee.



CU Regulatory Fund

Empowering Credit Unions
Serving Members and Building Stronger Communities

Credit Union Regulatory Fund

- Restricted funds, but subject to annual appropriation
- Carries forward – no reversion to General Fund
- For credit union regulatory purposes
- Housed in the Department of Treasury



Questions?